

Date: 02/04/2024  
 Circular Number: DClear/2024/04

**Subject: Transacting and Reporting of Direct Deals on DFM**

Reference is made to Dubai Clear's Circular No. 01/2023 issued on 07/03/2023 regarding the above-mentioned subject, Kindly note that starting from the 15<sup>th</sup> of April 2024, Dubai Clear Margin Methodology will not be applied to DDTs and 100% margin offset shall be applicable for all DDTs.

A Clearing Members (CM) must take into consideration the following conditions while executing direct deals transactions for settlement with Dubai Clear:

Settlement Event	Action
<b>The buying CM fails to settle the DDT funds obligation on intended settlement date</b>	Dubai Clear will reverse the securities delivered by the selling CM without any compensation.
<b>DVP sell DDTs are rejected for settlement by Settlement Agents, and If late confirmation is not received by 3 PM on intended settlement date</b>	The existing provisions of DVP Settlement Procedures shall be applicable except for the following: <ol style="list-style-type: none"> <li>1. Selling CM will not be allowed to use Optional Buy-in Mechanism to resolve negative balance in selling CM's Sell Rejection Account between T+2 or T+3</li> <li>2. Dubai Clear will not conduct mandatory buy-in for all outstanding negative balances in the selling CM's Sell Rejection House Account which are not settled by T+4.</li> </ol>

Kindly note other applicable conditions:

1. Short Selling for DDT is not applicable.
2. The CM will be responsible for any penal action including buyer cash compensation arising out of non-delivery of securities in case of onward sale trade and reversal of transaction by Dubai Clear.
3. Dubai Clear reserves the right to invoke any provisions of Dubai Clear's Default rule in case of non-fulfillment of securities or funds obligation by selling and buying CMs respectively.

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